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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 26, 2002

PETITION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUA020002

and

DOMINION NUCLEAR MARKETING II, INC.,
PLEASANTS ENERGY, LLC, ARMSTRONG
ENERGY LIMITED PARTNERSHIP, L.L.L.P., and
TROY ENERGY, LLC

For approval of changes to wholesale power service agreements under Chapter 4 of Title 56 of the Code of Virginia and for an exemption of new wholesale power service agreements from the prior approval requirements of Chapter 4 of Title 56 of the Code of Virginia or, in the alternative, for approval of wholesale power service agreements and for expedited consideration

**ORDER GRANTING RECONSIDERATION
AND SUSPENDING ORDER GRANTING APPROVAL**

On January 23, 2002, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company"), Pleasants Energy, LLC ("Pleasants"), Armstrong Energy Limited Partnership, L.L.L.P. ("Armstrong"), Troy Energy, LLC ("Troy") (Pleasants, Armstrong, and Troy are hereinafter referenced as the "Project Entities"), and Dominion Nuclear Marketing II, Inc. ("DNM II") (collectively, "Petitioners") filed a petition with the State Corporation Commission for expedited consideration and for approval of certain changes to the existing service arrangements and agreements between Dominion Virginia Power and DNM II and for approval of changes in previously approved agreements between

Dominion Virginia Power and two of the Project Entities. In addition, Dominion Virginia Power and the Project Entities requested an exemption from the prior approval requirement of Chapter 4 of Title 56 of the Code of Virginia or, in the alternative, for approval of new service agreements between Dominion Virginia Power and each of the Project Entities. On February 15, 2002, Dominion Virginia Power filed revisions to the service agreements with the Project Entities to clarify pricing requirements by the Federal Energy Regulatory Commission.

On March 5, 2002, the Commission issued its Order Granting Approval in this case. On March 25, 2002, the Petitioners filed with the Commission a Motion to Amend Petition and Order ("Motion"). The Petitioners move the Commission to allow the petition to be amended as requested in the Motion, and to enter an amended order making certain determinations under Section 32 of the Public Utility Holding Company Act of 1935 ("PUHCA"), 15 U.S.C.A. § 79z-5a (1997), involving exempt wholesale generators ("EWG"). The Petitioners had not previously requested the Commission to make any determinations under PUHCA in this proceeding.

Petitioners now state that "[b]ecause each of DNM II and the Project Entities are EWG affiliates of Dominion Virginia Power pursuant to Section 32(k) of PUHCA, the Petitioners cannot enter into the wholesale power agreements until this Commission and the North Carolina Utilities Commission ("NCUC") make, with regard to each agreement, (a) a determination that it has sufficient regulatory authority, resources and access to books and records of the electric utility company and any relevant associate, affiliate or subsidiary company to exercise its duties under PUHCA § 32(k)(2)(A), 15 U.S.C.A. § 79z-5a(k)(2) and (b) a determination that the transaction (i) will benefit consumers; (ii) does not violate any state law (including where applicable, least cost planning); (iii) would not provide the

EWG any unfair competitive advantage by virtue of its affiliation or association with Dominion Virginia Power; and (iv) is in the public interest." (Motion at 3.)

Petitioners also state that: (1) the Commission has ruled that the wholesale power agreements are in the public interest; (2) the agreements include compensation provisions and access to additional power for resale or system supply, which benefit the Company and its customers; (3) the agreements also include limitations on prices that can be charged to the Company and provisions for record keeping by the Petitioners; (4) the Commission has required record keeping and reserved the authority to examine the books and records of the Company's affiliates; (5) the Commission clearly has sufficient regulatory authority to exercise its duties; (6) the affiliated EWG's have no unfair competitive advantage "because any transactions pursuant to Dominion Virginia Power's agreement with DNM II and the agreements upon commercial operation of the Project Entities are voluntary in nature and the prices which are allowed to be charged Dominion Virginia Power can be no higher than market prices"; and (7) the transactions, and the Company's continued participation in the wholesale power agreements, are subject to Codes of Conduct and continuing regulatory oversight. (Motion at 3-4.)

NOW THE COMMISSION, having considered the Motion, is of the opinion and finds as follows. We find that the petition should be amended as set forth in the Motion. We also find that to amend the Order Granting Approval as requested by Petitioners, we must reconsider that order. Accordingly, we will treat Petitioners' Motion as a petition for reconsideration pursuant to Rule 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure.

We determine that the petition for reconsideration should be granted for purposes of continuing our jurisdiction over this matter and considering Petitioners' Motion. The Order Granting Approval is hereby suspended pending the Commission's reconsideration.

Accordingly, IT IS ORDERED THAT:

(1) Petitioners' March 25, 2002, Motion to Amend Petition and Order is hereby treated as a petition for reconsideration in this matter, which is hereby granted.

(2) Pending the Commission's reconsideration, the Order Granting Approval of March 5, 2002, is hereby suspended.

(3) The petition is hereby amended as set forth in Petitioners' March 25, 2002, Motion to Amend Petition and Order.

(4) This matter is continued generally until further order of the Commission.